



No.NB.DoR.ST Policy / 3291 / A-1(Gen) / 2018-19

Circular No. 85 / DoR - 27 / 2019

28 March 2019

The Managing Director
All State Cooperative Banks

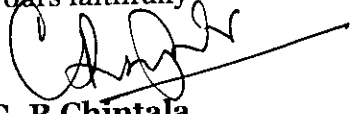
Dear Sir

Provision of Additional Short-Term (ST) refinance by NABARD to State Cooperative Banks for financing Seasonal Agricultural Operations (SAO) - Policy for F. Y. 2019-20

Please refer to NB.DoR.ST.Policy/56/A-1(Gen)/2018-19 dated 05 April 2018 (Circular No.65/DoR-13/2018) on the captioned subject, communicating policy for sanction of Additional Short -Term (ST) refinance to State Cooperative Banks for financing Seasonal Agricultural Operations (SAO) for the FY 2018-19. The policy has since been reviewed and is on the lines similar to previous year's policy. The total limit sanctioned under Additional Short-Term refinance should not exceed 60% of RLP of eligible CCBs including outstanding under normal ST (SAO) or as per para `4` of Annexure-I. The detailed policy is mentioned in Annexure-I

2. The StCBs can draw upto 60%(net of the amount drawn under STCRC fund) of GLC or as the case may be, under this line of credit.
3. You may submit an application for sanction of additional ST (SAO) credit limit on behalf of all the eligible DCCBs, in the prescribed proforma to NABARD RO.
4. Please acknowledge receipt of this circular to our Regional Office.

Yours faithfully


G. R Chintala
Chief General Manager

Encls. - as above

राष्ट्रीय कृषि और ग्रामीण विकास बैंक
National Bank for Agriculture and Rural Development

पुनर्वित्त विभाग

प्लॉट नं. सी-24, 'जी' ब्लॉक, बान्द्रा - कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051 • टेलि. : 022 2652 4926 • फैक्स : 022 2653 0090 • ई-मेल : dor@nabard.org

Department Of Refinance

Plot No. C-24, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 • Tel. : 022 2652 4926 • Fax : 022 2653 0090 • E-mail : dor@nabard.org

Annexure I

Provision of Additional Short-Term refinance by NABARD to State Cooperative Banks for financing Seasonal Agricultural Operations - Policy for F. Y. 2019-20

1. Operative period of Additional ST (SAO) limit

The operative period of Additional ST(SAO) limit for F. Y. 2019-20 will be 01.04.2019 to 31.03.2020. Additional ST (SAO) refinance will be provided to the StCB in respect of crop loans disbursed only during the operative period.

2. Sanction of consolidated limit

- a. A consolidated limit under Additional ST (SAO) will be sanctioned to StCB on behalf of eligible DCCBs.
- b. The limit will be sanctioned to StCB under **Sec. 21(1) (i)** read with **Sec. 21(4)** of the NABARD Act, 1981 against DPN executed by StCB.
- c. StCB has to declare in writing, at the time of each drawal that the drawal preferred and the refinance already availed are against the loans provided by StCB to eligible DCCBs for financing SAO and are covered by adequate non-overdue loans outstanding at DCCB level against PACS.
- d. TPNs executed by DCCBs in favour of StCB will continue to be endorsed in favour of NABARD and StCB will keep the endorsed TPNs with them as agent of NABARD.

3. Eligibility norms for StCB / CCBs

3.1 Audit

The Audit of StCB / DCCBs for the year 2017-18 should have been completed and the relative audit reports along with financial statements should have been received by the concerned Regional Office of NABARD. Further, the audit of State Cooperative Banks as on 31.03.2019 should be completed and the report submitted by 30.09.2019. Sanction and Drawals on or after 01.10.2019 will be permitted only to such StCBs and against those DCCBs, which have completed the audit and submitted the relevant audit report to the concerned RO of NABARD.

3.2 Compliance with licensing and CRAR norms

All licensed StCBs (Scheduled / Non Scheduled) and licensed DCCBs fulfilling CRAR conditions as stipulated by extant RBI guidelines which are mentioned below will be eligible for refinance under Additional ST(SAO).

3.3 Limits to scheduled StCBs and affiliated CCBs

- 3.3.1** StCBs / DCCBs having **CRAR of 9%** and above only(as on 31.03.2018) will be eligible.
- 3.3.2** In case of StCBs with **CRAR of 9%** and above but individual **DCCBs with less than 9%, no credit limit** will be available on behalf of such DCCBs.
- 3.3.3** In case of **StCBs with CRAR less than 9%** and **DCCBs with CRAR greater than 9%**, credit limit will be sanctioned **directly** to the **DCCBs** against Government Guarantee or against pledge of Government approved securities/ FDRs of scheduled banks. In case of providing direct refinance to DCCBs, guidelines issued vide our circular **No.172 dated 09.09.2011** may be followed.

3.4 Limits to non-scheduled StCBs

Non-scheduled StCBs which fulfill the CRAR criteria as provided above, will be eligible for sanction of credit limits against Government guarantee under Sec. 21(3)(a) of NABARD Act, 1981 or pledge of Govt. / approved securities (as defined in section 5(a) of BR Act, 1949) under Sec. 21(2)(i) of Act ibid and / or pledge of FDRs of Scheduled Banks under Sec. 33 of Act ibid.

3.5 NPA norm

The eligibility, among other things, will be based on the net NPA position of StCBs as on 31.03.2018 . The Banks with Net NPAs not exceeding 20% of net loans and advances outstanding will be eligible for refinance. Net NPA criteria for StCBs in the North Eastern Region, Jammu & Kashmir, Sikkim, Himachal Pradesh, Uttarakhand and Andaman & Nicobar Islands has been relaxed to 25% of net loans and advances outstanding

3.6 Eligibility criteria during 1 April 2019 to 30 September 2019 will be based on their audited financial position as on 31.03.2018 or 31.03.2019 (if audited position as on 31.03.2019 is available) . From 1st October 2019 to 31st March 2020, eligibility criteria will be based on their audited financial position as on 31.03.2019 . Sanction and Drawals on or after 01.10.2019 will be permitted only to such StCBs, which have completed the audit and submitted the relevant audit report to the concerned RO of NABARD.

3.7 CRAR and NPA position as indicated in the **statutory audit report** will form the basis for eligibility. However, in the event of any variation between the audit report and the Inspection Report of NABARD, the latter will be reckoned for determining the eligibility.

3.8 The net NPA position at StCB level and not at the level of StCB branches will be reckoned for the purpose of eligibility of StCB. In case of providing direct refinance to DCCBs, net NPA position at DCCB level and not at the level of DCCB branches will be reckoned for the purpose of eligibility.

4. Quantum of refinance

4.1. The quantum of refinance for sanction will be as under:

Net NPAs of StCB	Eligible limit [As a percentage of Realistic Lending Programme (RLP) of eligible CCBs]
Up to 6%	60%
Above 6% & up to 10%	55%
Above 10% & up to 20%	50%
Above 20%	Not eligible

4.2. StCBs in the North Eastern Region, Jammu & Kashmir, Sikkim, Himachal Pradesh, Uttarakhand and Andaman & Nicobar Islands, will be eligible for additional refinance of 20% with relaxation in net NPAs, as under:

Net NPAs of StCB	Eligible limit [As a percentage of Realistic Lending Programme (RLP) of eligible CCBs]
Up to 15%	80%
Above 15% & up to 25%	75%
Above 25%	Not eligible

4.3. StCBs in Eastern Region viz. Bihar, Orissa, West Bengal, Jharkhand, Chhattisgarh States and 28 districts in Eastern Uttar Pradesh (under BGREI scheme of Govt. of India) will be eligible for additional refinance of 5% over and above the applicable normal quantum of refinance, as under:

Net NPAs of StCB	Eligible limit [As a percentage of Realistic Lending Programme (RLP) of eligible CCBs]
Up to 6%	65%
Above 6% & up to 10%	60%
Above 10% & up to 20%	55%
Above 20%	Not eligible

4.4. The StCBs can draw upto 60%(net of the amount drawn under STCRC fund) of GLC or as the case may be, under this line of credit.

4.5. The limit will be only for loans issued upto ₹3 lakh at farmer level

4.6. The RLP for the year 2019-20 may be arrived at on the basis of average growth rate in crop loans disbursed during previous three years (taking into account the crop loans disbursed data for last four years). However, keeping in view the ground level realities and other facts, if any, NABARD may accept RLP which may be lower or higher than the RLP worked out by the StCB.

4.7. The refinance under this line of credit will be reckoned as owned funds of the bank which is eligible for Interest subvention as per extant Interest Subvention guidelines of GoI.

5. Rate of interest on Refinance

5.1. Interest Rate

The interest rates on refinance will be 8.4% or as revised by NABARD from time to time. Interest is payable at half-yearly rests on 01 October and 01 April, as hitherto. In the event of bank repaying the entire principal amount, the interest will be payable along with principal amount.

5.2. Penal interest in case of default

In the event of default, penal interest rate of 2% p.a over and above the interest rate at which refinance was disbursed, will be charged on the defaulted amount and for the period for which the default persists. The penal interest rates are subject to revision from time to time

6. Notice of Repayment

The amount drawn against the limit are repayable on demand. However, each drawal on the credit limit would be treated as a separate loan and would normally be repayable in a period of 12 months from the date of drawal. Repayments before the expiry of 12 months may be accepted by NABARD with minimum notice of 15 working days.

7. Operational discipline

7.1. Drawal of refinance by StCBs under Additional ST (SAO) limit will be restricted to applicable percentage of refinance of the loan issued during the year 2019-20.

7.2. Excess Drawal

NABARD will take a serious view in case of availment of drawals beyond permissible quantum of refinance on account of reporting of incorrect data about loan disbursement or of NODC by calling back the excess refinance availed by the bank within 3 days along with the penal interest of 1% p.a

7.3. NODC

Drawals on the sanctioned limit will be permitted by NABARD to StCB on the basis of aggregate NODC(including that for normal limit) pertaining to the eligible DCCBs, which have outstanding borrowings from StCB as hitherto. The banks will however be required to monitor NODC and no additional interest may be charged if overall NODC is available. The StCB will have to submit monthly NODC statement indicating DCCB-wise position by 20th of the succeeding month.

7.4. Penal interest on NODC deficit

In case of deficit in NODC, StCBs will have to make good the deficit in NODC. In case the StCB fails to make good the deficit within one month from the date of occurrence of such deficit, additional interest @ 1% p.a. will be charged on the deficit in NODC for the duration of deficit i.e. till the date on which the amount of deficit is regularized.

8. Defaults by DCCBs to StCB

In case a DCCB is in default to the StCB under this line of credit continuously for a period exceeding 3 months, the StCB concerned will not be allowed to operate on the limit in respect of the DCCB concerned till the default is regularized.

9. Clearance of default

StCBs which fail to honour their commitments to NABARD in repayment of principal, payment of interest and / or any other dues by the prescribed due dates, will **not** be eligible for any refinance facility from NABARD till the clearance of default in question.

10. Right to inspection

NABARD reserves the right to inspect / get inspected the books of accounts of the bank (StCB / eligible CCBs).

11. Right to cause special audit

NABARD will have the right to cause special audit of the books of accounts and other relevant material of the Cooperative Banks (StCB / eligible DCCBs) either by itself or through other agencies to ensure that the same are maintained as per the rules and regulations in force and the terms and conditions of refinance are adhered to by the bank.

12. Others

All other terms and conditions applicable for providing refinance under ST(SAO) will be applicable to Additional ST(SAO) refinance too.
